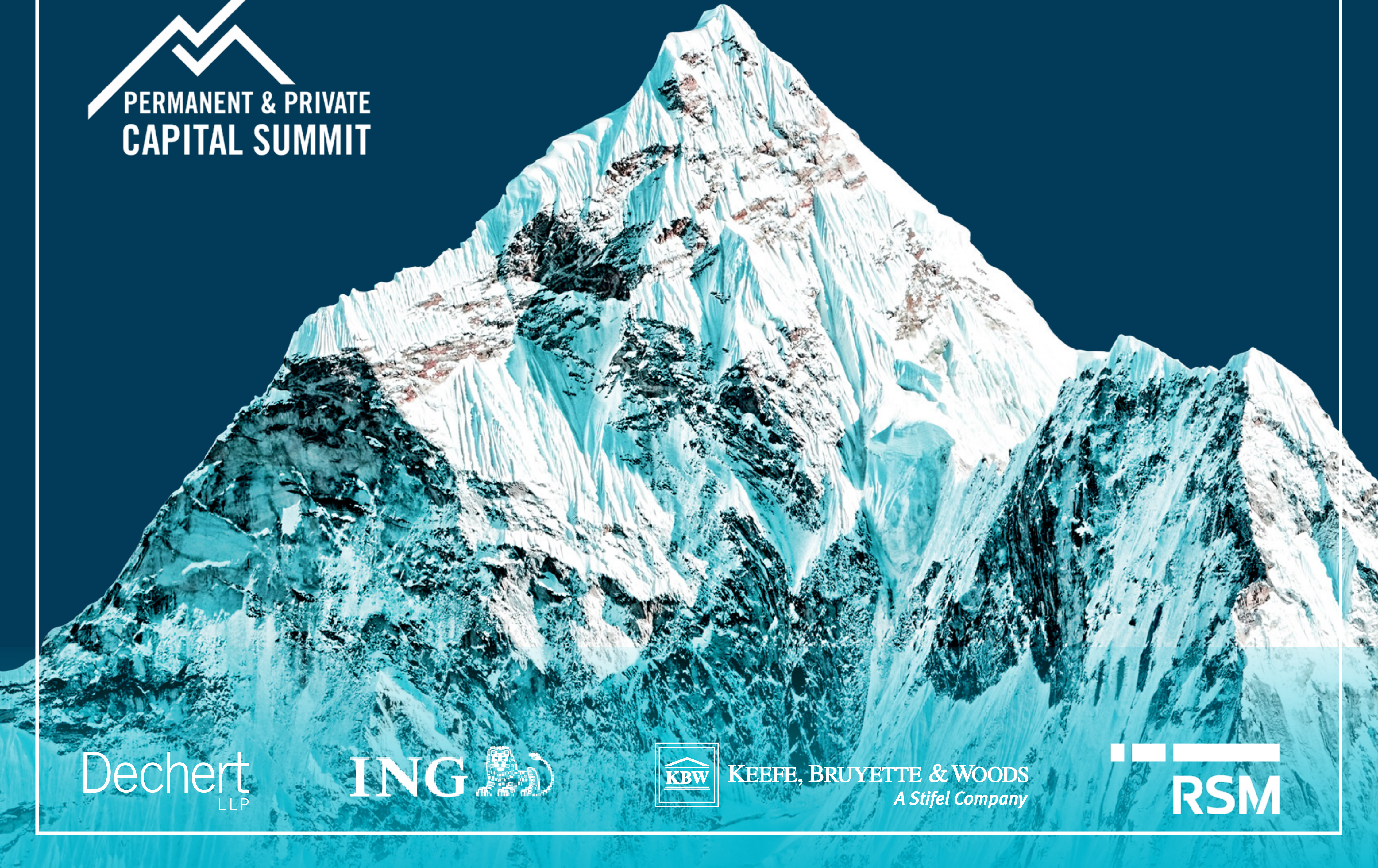
PERMANENT & PRIVATE CAPITAL SUMMIT



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Summit Overview

More than 450 industry leaders gathered on April 4, 2019, for the 5th Annual Permanent & Private Capital Summit, sponsored by Dechert, ING, KBW/Stifel and RSM. Fund sponsors and asset managers convened in New York City for an afternoon of panel discussions and insights into the shifting economic, financial and regulatory environment and its impact on the formation and investment of private credit as well as private equity.

With more than 50 C-suite leaders and dozens of senior legal counsel in attendance, this year's event was the largest ever – nearly four times larger than the first Summit held in 2015. This growing interest reflects the growth in the market, with private credit assets poised to top US$1 trillion by next year. As well, large alternative-asset management platforms continue to expand into new markets and products, and the prevailing mood among investors remains optimistic.

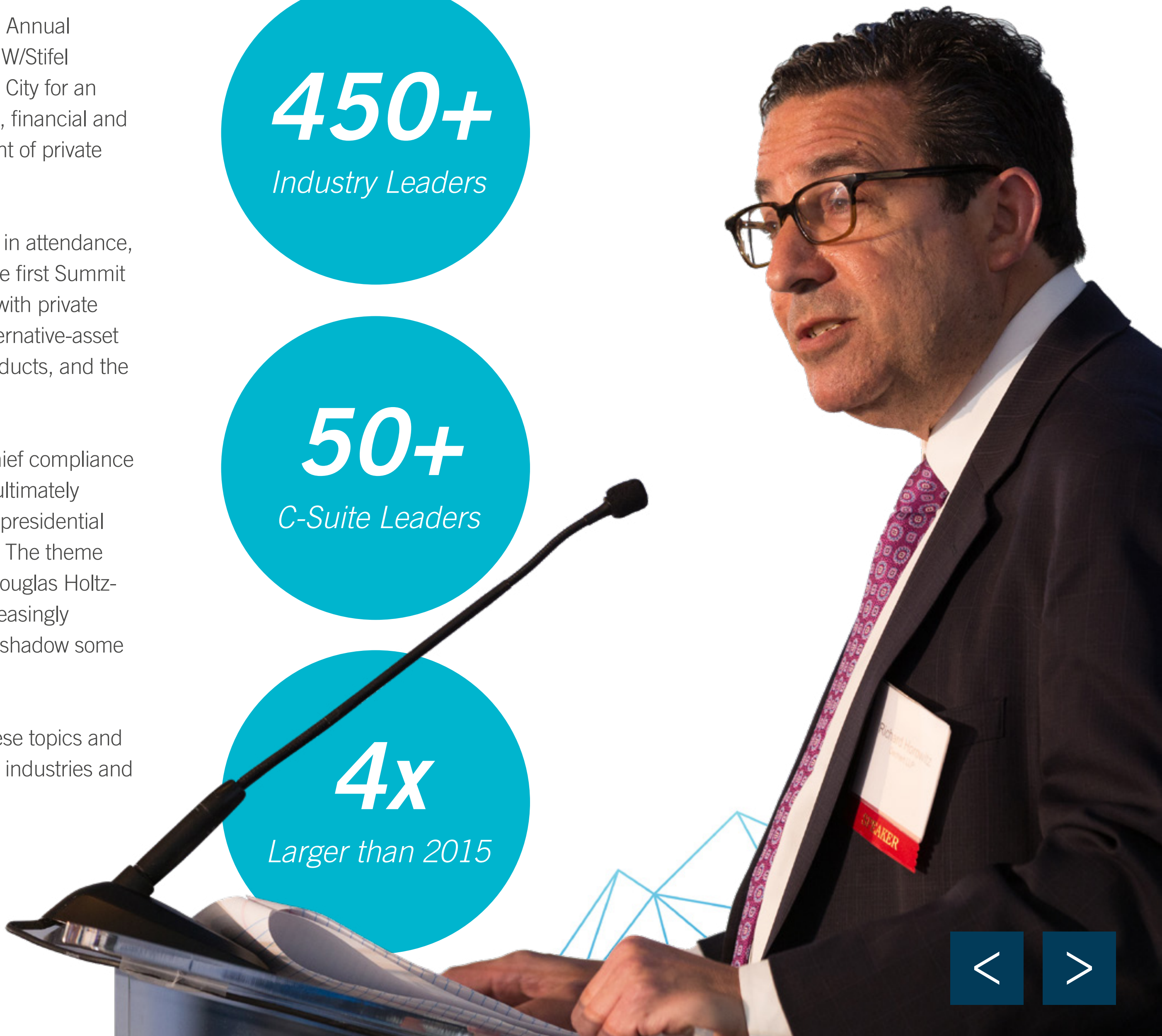
In a roundtable discussion prior to the event, general counsels and chief compliance officers observed that regulatory expectations from Washington were ultimately subject to the political process – which, with a divided legislature and presidential campaign season poised to ramp up, is in a particularly volatile place. The theme of increasing volatility in the economy was echoed by economist Dr. Douglas Holtz-Eakin in his keynote remarks. Dr. Holtz-Eakin commented on the increasingly contradictory signals from leading economic indicators that could foreshadow some economic volatility in the near term.

Throughout the day, a diverse cross-section of panelists discussed these topics and many more, including the state of the private credit and private equity industries and key trends that will shape the next year.

450+
Industry Leaders

50+
C-Suite Leaders

4x
Larger than 2015



A Conversation with Dechert and Leading Credit Manager GCs and CCOs: A View from Washington

The Pre-Summit Lunch discussion focused on regulatory matters in Washington. Panelists launched into the topic by pointing out the high degree of coordination between the SEC's Office of Compliance Inspections and Examinations ("OCIE") and the Division of Enforcement ("Enforcement"), and that many Enforcement investigations begin with a referral from OCIE. There is also no requirement that OCIE staff tell a registrant, during the course of an exam, that they are consulting with Enforcement or have made a referral to Enforcement.

In exam off years, it's important that GCs and CCOs plan and prepare through mock exams and monitoring exam trends. Panelists emphasized the importance of preparing management in advance of any interactions with the OCIE staff and further explained the importance of educating examiners about the business to help ensure a smooth exam.

Panelists also discussed the benefits and risks of self-reporting to the SEC. While encouraged by Enforcement, panelists expanded their view that self-reporting is not generally appropriately rewarded. Firms may be tempted to resolve issues that arise during the exam through payments to fund shareholders where warranted, but the staff will scrutinize such payments to make sure the correct investors are being repaid for their losses – no matter how small.

Capitol Hill is responsible for shaping exams and enforcement actions. Political dynamics affect how rules are interpreted, which in turn could impact enforcement initiatives. Contrary to public perception, the House Democratic Caucus has become less progressive following the recent turnover. Still, the House Financial Services Committee is unlikely to endorse bills aimed at reducing compliance burdens, instead focusing on pro-retail consumer measures.

> *"A current hot-button issue presently is the fair and consistent allocation of deals."*

Joshua Bloomstein, Partner, Co-General Counsel, Credit; General Counsel, Ares Capital Corporation

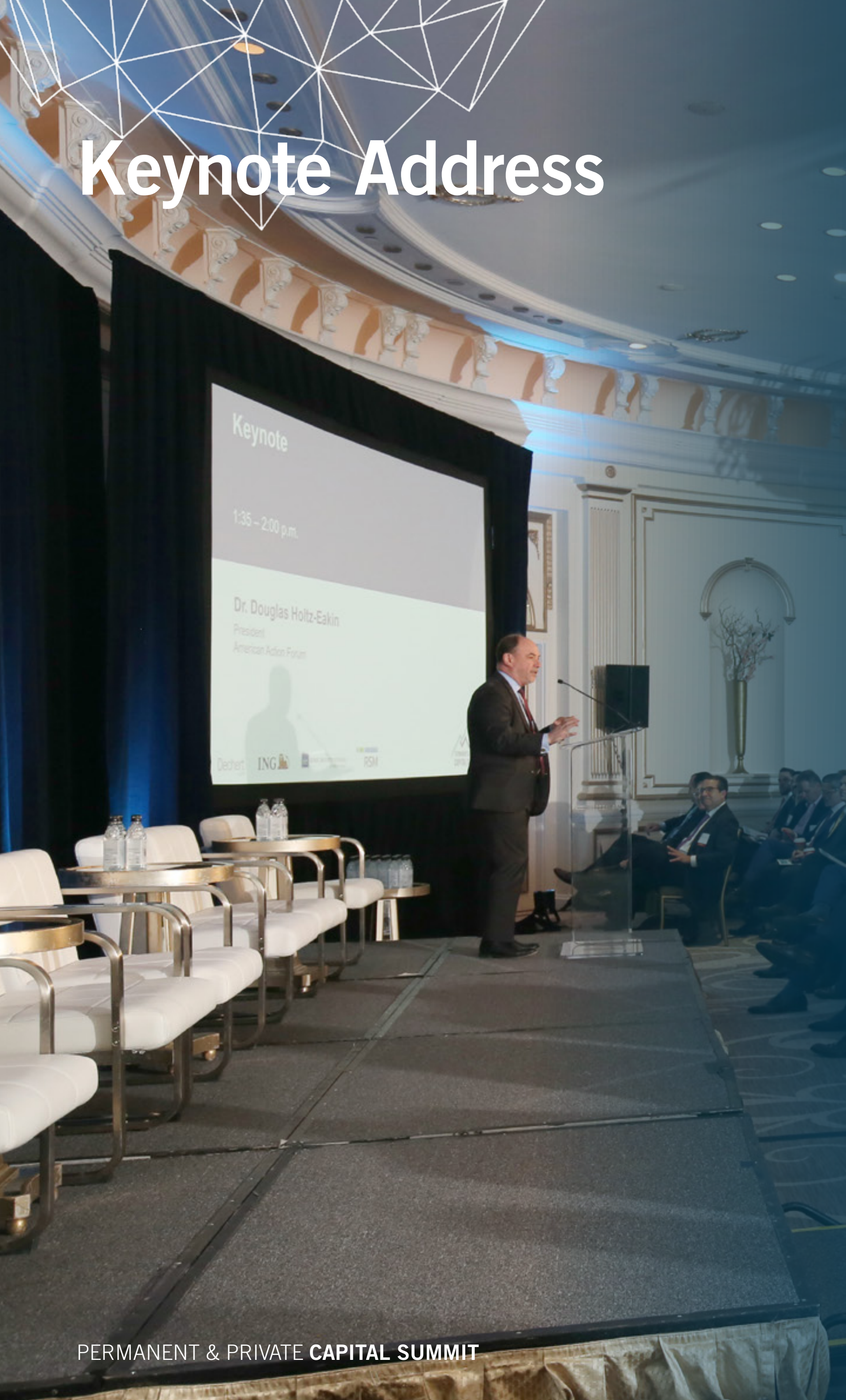
Annette O'Donnell-Butner, Chief Compliance Officer, KKR & Co. Inc.

Eric Edwards, Managing Director, Government Affairs, FS Investments

Joseph Glatt, Chief Legal Officer, Secretary and Vice President, Apollo Investment Corporation

Anthony Kelly, Partner, Dechert LLP

Catherine Botticelli, Partner, Dechert LLP (Moderator)



Keynote Address

Dr. Douglas Holtz-Eakin, president of the American Action Forum policy institute and former director of the Congressional Budget Office, identified and commented on the near- and long-term risks facing the U.S. and global economies. Dr. Holtz-Eakin voiced confidence that the U.S. economy can withstand near-term challenges.

Dr. Holtz-Eakin noted that the U.S. economy in the near term presents conflicting signals on a near-daily basis. Positive signs include the continued growth of the U.S. household sector, which accounts for 70 percent of spending; the unemployment rate, which has fallen under four percent; and rising wage growth, up five percent over the last 24 months.

On the more negative side, Dr. Holtz-Eakin noted many major economies worldwide are in a slowdown. The "wildcard" in the short term is the US business sector. Arguments for optimism include completion of the rules for implementing corporate-tax reforms in the Tax Cuts and Jobs Act and a decline in the regulatory burden for small businesses.

Near-term policy-related risks include the debt ceiling, which must be raised by September; expiration of the budget at the end of 2019 in the absence of congressional legislation; and the outcome of trade negotiations with China. There is also the issue of ratifying the U.S.-Mexico-Canada Agreement under the threat of withdrawal from NAFTA. Last, the potential imposition of stiff tariffs on auto imports is also a risk.

According to Dr. Holtz-Eakin, the most significant long-term risk is the debt outlook. Interest payments on the national debt are set to become larger than the defense budget or any educational program. The U.S. budget is the largest "systemically important institution" on the planet and vulnerable to interest-rate risk.

Dr. Douglas Holtz-Eakin,
President, American Action Forum

Private Credit 2019 and Beyond

Joshua Easterly, CEO and Chairman of the Board, TPG Specialty Lending, Inc.

David Golub, President, Golub Capital

Howard Levkowitz, CEO and Chairman of the Board, BlackRock TCP Capital Corp.

Sengal Selassie, Co-Founder and Co-CEO, Brightwood Capital Advisors

John Timperio, Partner, Dechert LLP (Moderator)

Since the financial crisis, private lenders moved into space previously occupied by banks. Sophisticated strategies that command a premium have emerged, resulting from demand for absolute returns, yield and fundamental changes in finance options.

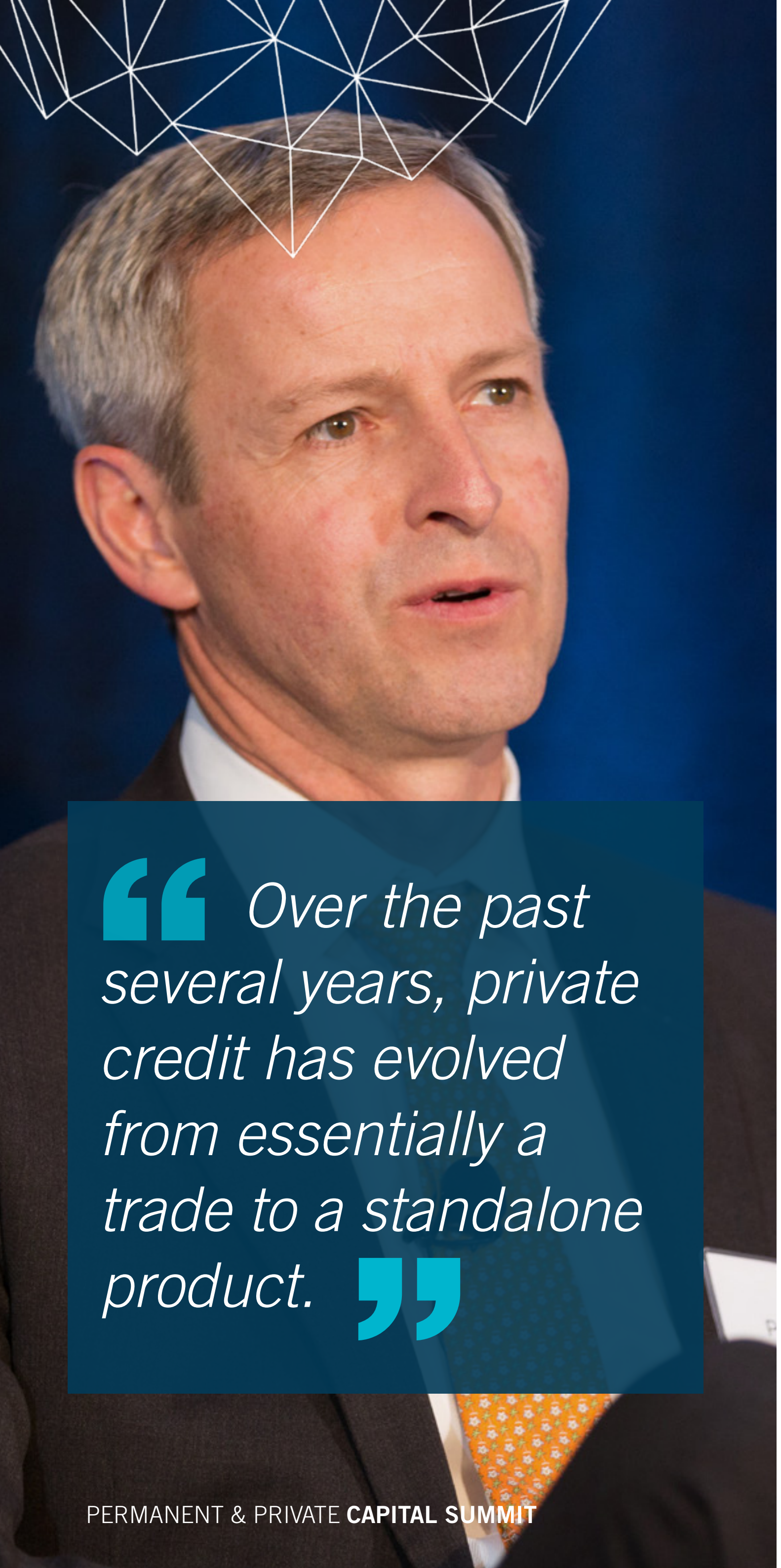
Panelists acknowledged robust economic growth in the past year. How investment consolidation will impact existing alternative lending platforms, the trajectory of development of specialized expertise within the private debt category and the influence an aging U.S. population holds over the future of pension plans are issues open to question.

> *"Private debt is maturing globally and strategies to obtain returns are increasing in complexity."*

Looking beyond 2019, changes in the economic cycle are on the horizon. Even in challenging "late in the cycle" times, firms will continue to seek ways to put money at work and uncover opportunities with like-minded sponsors on transactions that complement their competitive advantages.

The possibility of a pending correction brings hope that new opportunities will expand an evolving private credit market -- and fear of uncertain financial conditions and polarizing politics impacting the markets as well as our overall society. To address future opportunities and challenges, CEOs are building "teams of the future." Winning the war on talent requires harnessing diverse workforces and what they have to offer, creating inclusive cultures to showcase the diversity of people and ideas.

As the global economic environment unfolds, panel participants will look to strike a balance between steady growth and taking advantage of opportunistic disruption.



Over the past several years, private credit has evolved from essentially a trade to a standalone product.

Products in Private Credit: What's New, Different and Changing?

A broad range of products enable the private credit community to address its current and potential investor and client needs. These products were discussed broadly by participants in this panel; identifying the investment vehicles themselves, the financings such vehicles utilize and the types of financing solutions such vehicles provide to sponsors and other borrowers.

Private credit managers have had to react rapidly to investor and client concerns and to innovate and change to meet market demands. Private credit managers have broadened their offerings to investors in the types of vehicles they manage and to clients in both size of deals and particular products offered. By becoming a "one-stop" shop featuring a significant menu of financing alternatives, private credit now serves a wider range of companies, making it a viable alternative to syndicated deals. This is attractive to both borrowers and investors.

In addition, private credit managers have been able to grow and increase investor returns by taking advantage of the many leverage options available to them as well as by taking advantage of regulatory changes for BDCs permitting additional leverage. Private credit managers also have been exploring non-U.S. jurisdictions, including managing long-term investment funds in Europe. Branching out surfaces different issues in the structuring and raising of capital.

Patrick Frisch, CFA, Managing Director, Head of Investment Industry Finance, ING Capital LLC
Craig Packer, Co-Founder, Owl Rock Capital Partners
Daniel Pietrzak, Member/Co-Head of Private Credit, KKR & Co. Inc.
Christopher Christian, Partner, Dechert LLP
Jay Alicandri, Partner, Dechert LLP (Moderator)

Consolidation: Does it Work and Will it Continue?

Consolidation is a hot topic in the industry, with asset managers growing and combining their businesses through strategic acquisitions of companies and portfolios, sales of investment advisers and joint-venture transactions.

To build a successful transaction, all panelists agreed that it is imperative that buyers and sellers understand what each is trying to accomplish through a deal. For example, an asset-sale structure may be preferable to a stock-for-stock merger for a BDC that would otherwise face unfavorable purchase accounting treatment of acquired goodwill. Understanding such dynamics is crucial in today's strong sellers' market for private credit assets, where competitive auctions are the norm.

The pursuit of scale remains a primary driver of industry consolidation. Panelists discussed the use of joint-ventures and acquisitions of asset-backed lenders as ways for permanent capital vehicles to quickly and efficiently deploy capital and increase assets under management (AUM). At the same time, traditional asset managers are seeking to acquire alternative asset managers, such as BDC advisers, to diversify their product offerings at a time when traditional investment funds face downward pressure on fees. The panelists noted that buyers are not solely interested in AUM and fees, however, and are also seeking to team up with talented management teams to create value for their investors.

Panelists also discussed a rise in transactions involving affiliated funds, noting this trend is likely to continue as privately raised permanent capital vehicles seek liquidity and scale for their investors. Fueled by concerns that the end of the economic cycle is approaching, these funds have accelerated their pursuit of liquidity and shown a willingness to merge with listed affiliates to avoid listing on an exchange during a down market.

Stuart Aronson, CEO, Whitehorse Capital, Inc.
Richard Byrne, President, Benefit Street Partners, LLC
Dwayne Hyzak, CEO, Main Street Capital Corporation
Al Laufenberg, Managing Director, KBW/Stifel
John Weber, Partner, RSM US LLP
Thomas Friedmann, Partner, Dechert LLP (Moderator)

What PE Wants: 2019 Outlook for Private Equity and Credit Needs

In a competitive environment with plenty of access to funding, the panelists agreed that speed can still give sponsors an edge. Successful sponsors need to arrive early to investment opportunities and then move quickly and nimbly. Sponsors are also focusing on differentiating themselves through depth of knowledge and by offering attractive services to support the growth of the businesses they invest in.

Speed and financing sources are critical to a PE fund's ability to execute upon a strategy effectively. Sponsors seek financing sources that are easy to deal with, reasonable and willing to dig in and do the work of understanding businesses even if the story is complicated. Having a stable of financing sources that understand the industries in which the sponsors are investing and where financing sources can serve as strategic partners is important, as these relationships are key to successfully making investments and driving value over the lifecycle of an investment. However, there is always room for new entrants, as alternative financing sources have upended the traditional lending market. From the sponsor's perspective, competition among financing sources remains fierce.

Consistent with the competitive marketplace, panelists noted that sponsors are doing many deals with direct lenders, who can offer attractive financing terms while accommodating fast transaction timelines. Although there was discussion that the direct-lending market has not been tested in a downturn panelists concurred on their view that the lenders should be able to work with sponsors in a downturn since many of the investment professionals are the same people who used to work at the large banks.

Another trend that was discussed is the increasing prevalence of private equity funds that have a credit arm, though some funds may have reservations about tapping these financing sources given the level of competition in today's market and need for confidentiality.

> *"The market continues to be defined by intense competition."*

Norma Corio, Senior Managing Director, One Equity Partners

Steve Rodgers, Managing Director, Morgan Stanley Private Equity

Matt Savino, Managing Director-Partner, The Carlyle Group

Kevin White, Partner, Court Square Capital Partners

Gerrie Sinatra, Partner, Dechert LLP (Moderator)

The Sponsors

Dechert LLP

Dechert's multidisciplinary permanent and private capital team is actively engaged in advising asset managers in all aspects of their capital strategies. We act for 41 of the top 50 global private debt firms as identified by *Private Debt Investor* in 2018. Our lawyers possess a detailed understanding of the most current trends and developments, the latest regulatory hurdles, up-to-the-minute market terms and an insider's perspective when it comes to regulatory compliance. We are committed to turning our experience and expertise into value for our clients.

ING

ING is a financial services firm offering a full array of wholesale lending, treasury products and advisory services to corporate and institutional clients. ING Capital LLC is headquartered in New York City, and is a subsidiary of ING Bank NV, part of ING Group.

KBW Keefe, Bruyette & Woods A Stifel Company

Keefe, Bruyette & Woods (KBW) is a full-service, boutique investment bank and broker-dealer that specializes in the financial services sector. We operate in North America and Europe, providing institutional & private investors and financial services companies with research, equity sales & trading, capital raising, and strategic advisory services. We have built our reputation for excellence in financial services on the basis of our research platform, our senior professionals, track record of market innovation, and the strength of our execution capabilities.

RSM

RSM US LLP is the leading provider of audit, tax and consulting services focused on the middle market, with 9,000 people in 90 offices nationwide. It is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 41,000 people in over 120 countries. With more than 50 years of experience within the financial services community, we help organizations navigate complex reporting, governance and regulatory issues to achieve their business objectives.

Thank you